

A Governance Perspective on Electricity Industry Performance in India

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CERTIFICATE OF AUTHORSHIP

I, (Harbans Lal Bajaj) declare that this thesis, is submitted in fulfilment of the requirements for the award of the degree of Doctor of Philosophy, in the Faculty of Engineering and Information Technology at the University of Technology Sydney. This thesis is wholly my own work unless otherwise reference or acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis. This document has not been submitted for qualifications at any other academic institution. This research is supported by the Australian Government Research Training Program.

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ABSTRACT

This research develops a ‘governance perspective’ on the performance of the Indian electricity industry, with specific emphasis on identifying the causes of persisting poor industry performance, and ways to improve it. This research emphasis is predicated on the argument that the contemporary, quintessentially industry-centric, focus on identifying causes and remedial measures is deficient, as it ignores climacteric socio-economic, political and cultural influences (the *raison d'état* of the industry) on industry performance. The methodological framework employed in this research comprises two complementary analytical approaches, namely: a) a qualitative approach, drawing upon the basic tenets of *state-society relational* models; and b) a quantitative statistical approach comprising a suit of three econometric models, viz., granger-causality, mixed-effect, and multilevel-regression. Each of these approaches assesses the impacts of national and electricity governance paradigms on the configuration (structure-ownership-regulation) and performance of the electricity industry, albeit from different yet complementary lenses, for example, historic (for qualitative), and statistical (for quantitative). Collectively therefore these approaches provide a robust basis for validating the insights gained from the ‘other’ approach. The analyses undertaken in this research suggests that the governance processes of the India electricity industry have historically been overwhelmingly influenced by the wider national governance priorities and agendas for promoting socio-economic development, and that these priorities and agendas have quintessentially reflected a rather narrow set of dominant, ‘politically-powerful’, economic and socio-cultural interests of the time. By this reasoning, electricity has traditionally been seen simply as a means to promote these (dominant) interests. The question of industry performance has therefore (and understandably so) become subservient to the more pressing need to promote (narrow) political interests. Outcome: persistent poor industry performance. This research further posits that industry performance can be improved by a state-led effort to extend the ambit of dominant interests by, in particular, including ‘local’ (and currently, marginalised) interests.